



Bankruptcy Code and Bankruptcy Rule 2014.

**FACTUAL BACKGROUND**

4. An involuntary Chapter 7 petition was filed against CAH Acquisition Company #1, LLC (“CAH 1” or “Debtor”) on February 19, 2019. Thomas W. Waldrep, Jr. was appointed as Trustee on February 22, 2019.

5. On March 15, 2019, the Court entered an Order converting CAH 1’s involuntary Chapter 7 case to a Chapter 11 case and appointing Thomas W. Waldrep, Jr. as Trustee of the Chapter 11 estate.

6. On March 17, 2019, CAH Acquisition Company #2, LLC (“CAH 2”) filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. Thomas W. Waldrep, Jr. was appointed as Chapter 11 Trustee on March 18, 2019.

7. On March 14, 2019, CAH Acquisition Company #3, LLC (“CAH 3”) filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. Thomas W. Waldrep, Jr. was appointed as Chapter 11 Trustee on March 15, 2019.

8. On March 21, 2019, CAH Acquisition Company 6, LLC (“CAH 6”) filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. Thomas W. Waldrep, Jr. was appointed as Chapter 11 Trustee on March 29, 2019.

9. On March 21, 2019, CAH Acquisition Company 7, LLC (“CAH 7”) filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. Thomas W. Waldrep, Jr. was appointed as Chapter 11 Trustee on March 29, 2019.

10. On March 17, 2019, CAH Acquisition Company 12, LLC (“CAH 12”) filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. Thomas W. Waldrep, Jr. was appointed as Chapter 11 Trustee on March 18, 2019.

11. On March 17, 2019, CAH Acquisition Company 16, LLC (“CAH 16”) filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. Thomas W. Waldrep, Jr. was appointed as Chapter 11 Trustee on March 18, 2019.

12. On March 29, 2019, the petition of CAH 12 was dismissed by order of the Court for that debtor’s failure to authorize properly its bankruptcy petition.

13. On April 1, 2019, CAH 12 filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the Northern District of Oklahoma.

14. On April 12, 2019, the Court entered an Order transferring the CAH 12’s pending case from the Northern District of Oklahoma to the Eastern District of North Carolina and, by subsequent Order the same day, appointed the Trustee.

#### **RELIEF REQUESTED**

15. Pursuant to Section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014, the Trustee requests the Court enter an Order: (i) authorizing the employment and retention of ACT as certified public accountant (“CPA”) for the Trustee in the instant case pursuant to the terms and conditions of that certain engagement letter dated April 15, 2019 by and between the Trustee and ACT (the “Engagement Letter”), attached hereto as **Exhibit B**; (ii) approving the terms of ACT’s employment, including the proposed fee structure set forth in the Engagement Letter; and (iii) granting such other and further relief as the Court deems appropriate. The Trustee requests that ACT’s employment be deemed effective as of May 6, 2019.

#### **A. Selection of ACT**

16. The Trustee seeks to retain ACT as CPA because of its extensive expertise in the tax reporting and regulatory aspects of a Chapter 11 proceeding, specifically one dealing with a healthcare debtor.

17. ACT is a large regional accounting and consulting firm that has significant experience in tax preparation, audits, regulatory filings, and the evaluation and compilation of financial data. ACT has extensive experience working with and for distressed companies in complex financial and operational restructurings, both out-of-court and in Chapter 11 proceedings throughout the United States. K. James Hunt, the lead ACT partner in this engagement, has provided a full range of auditing, compliance, and restructuring services throughout the United States to underperforming healthcare debtors in financially-troubled situations. Mr. Hunt has extensive experience in tax preparation and auditing, Medicare and Medicaid issues, and the financial evaluation of health care entities.

18. For the foregoing reasons, the Trustee believes that ACT is both well qualified and able to assist the Trustee in this Chapter 11 proceeding in an efficient and timely manner.

**B. Scope of Services to Be Rendered**

19. ACT's services are necessary and essential to enable the Trustee to faithfully fulfill his duties as Trustee. Mr. Hunt is the principal professional responsible for the engagement and is supported by other experienced ACT professionals. Additional ACT staff are available and will be deployed as necessary to serve the Trustee during this Chapter 11 case pursuant to the terms of the Engagement Letter.

20. Working under the direction of the Trustee and collaboratively with the Trustee's counsel and other professionals, ACT will provide the following services:

- a) Prepare an evaluation of the most recent accurate financial data for CAH 1 (expected to be from the year 2016 and earlier);
- b) Perform an evaluation of financial data that has been recorded subsequent to the most recent accurate data. The expectation is that this evaluation will occur for the years 2017 through 2019. As part of this process, a determination will be made regarding the availability of such financial data as well as what procedures have been performed to keep this data current.;

- c) Analyze monthly the ongoing financial statements of CAH 1 in order to advise the Trustee of the financial condition of CAH 1;
- d) Assist the Trustee by reconciling all material accounts to support data such as accounts receivable and intercompany receivables/payables;
- e) Prepare amended 2017 federal and state income tax returns for CAH 1, which will be necessary to ensure the accuracy of subsequent tax returns;
- f) Prepare the 2018 federal and state income tax returns for CAH 1, as well as any subsequent returns that will be necessary for the years following 2018;
- g) Assist the Trustee in evaluating the need of other tax filings, such as property tax returns, payroll tax returns, and sales tax returns;
- h) Obtain all information possible related to, and review, all relevant 2018 Medicare and Medicaid cost report posted entries to evaluate their propriety and integrate said information into the internal accounting records of CAH 1, as well as contact the individual that prepared the cost report in order to determine what information may be missing from internal accounting records;
- i) Review the submitted CAH 1 2018 Medicare and Medicaid cost report to obtain the “audit readiness” of said cost reports, and file amended cost reports if needed;
- j)
- k) Assist the Trustee in the assembling of financial and statistical information necessary to file the above-noted tax returns and cost reports;
- l) Provide regulatory guidance to the Trustee relative to the qualification of bankruptcy expenses for reimbursement under Medicare and Medicaid;
- m) Prepare the 2019 Medicare and Medicaid cost reports for CAH 1;
- n) Review the third-party payor interim rate adjustments and settlements received/paid by CAH 1;
- o) File Disproportionate Share reports as necessary;
- p) Evaluate the requirement/advantage of preparing home office cost reports for Empower for 2018 and 2019;
- q) Participate in any necessary meetings as required by the Trustee; and
- r) Assist in providing appropriate change of ownership (CHOW) change of control

notifications to the Medicare Administrative Contractors (MACs).

**C. Professional Fees and Expenses**

21. Pursuant to the terms and conditions of the Engagement Letter, ACT has agreed to accept payment for services provided to the Trustee at its standard rates. A copy of the Engagement Letter is attached hereto as **Exhibit B**.

22. The fee schedule setting forth ACT standard rates is included in the Engagement Letter and may be summarized as follows:

<u>Classification</u>	<u>Standard Hourly Rates</u>
Partner	\$325
Senior Manager	\$235–\$275
Manager	\$185–\$215
Supervisor	\$125–\$165
Senior Associate	\$125–\$145
Associate	\$100–140
Support	\$80

23. ACT also will seek reimbursement of all necessary out-of-pocket business expenses, including travel billed at a rate of \$75 per hour, incurred in connection with this matter and a six percent administrative charge to cover administrative overhead.

24. ACT intends to apply to the Court for the payment of compensation for services rendered and reimbursement of actual and necessary out-of-pocket expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules of this Court.

25. As described more fully in the Hunt Affidavit in support of this Motion, the terms of compensation reflected in the attached Engagement Letter are consistent with, and typical of, engagements entered by ACT and other CPAs when rendering CPA services for clients similar to the Trustee, both inside and outside of bankruptcy. The terms of the Engagement Letter were negotiated between the Trustee and ACT and reflect the work to be performed by ACT in this Chapter 11 case

and the firm's expertise.

26. ACT has agreed to accept as compensation such sums as may be allowed by the Court on the basis of the professional time spent, the rates charged for such services, the necessity of such services to the administration of the estate, the reasonableness of the time within which the services were performed in relation to the results achieved, and the complexity, importance, and nature of the problems, issues, or tasks addressed in the case. ACT has prepared the Hunt Affidavit, which discloses the information relevant to this Motion pursuant to Bankruptcy Rules 2014 and 2016. The Hunt Affidavit is attached hereto as **Exhibit A**.

**D. Disinterestedness of Professionals**

27. To the best of the Trustee's knowledge, information, and belief, based on and except as set forth in the Hunt Affidavit, ACT does not hold or represent any interest adverse to the Trustee or the Debtor, its creditors, or other parties-in-interest in connection with the Trustee, the Debtor, and this Chapter 11 case, and is a "disinterested person" as that term is defined by Bankruptcy Code Section 101(14), as modified by Bankruptcy Code Section 1107(b). More specifically, as set forth in the Hunt Affidavit, ACT, its members, and its employees:

- a) are not creditors, equity security holders, or insiders of the Trustee or the Debtor;
- b) are not and were not, within 2 years before the date of the filing of the Debtor's Chapter 11 petitions, directors, officers, or employees of the Trustee or the Debtor; and
- c) do not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtor, or for any other reason.

28. Based on and as set forth in the Hunt Affidavit, ACT informed the Trustee that ACT has assessed, and will continue to assess, any and all client relationships to ensure that ACT does not represent any interests adverse to Trustee or the Debtor, its creditors, or other parties-in-

interest and that no disqualifying circumstances exist, and further, that ACT shall disclose on an ongoing basis any relationship that may reflect upon ACT's disinterestedness. The Trustee understands that to the extent ACT discovers any additional facts bearing upon matters described herein or its engagement by the Trustee during the period of its employment, ACT promptly will disclose such facts and supplement the information contained in this Motion and the Hunt Affidavit.

29. ACT has not been retained to assist any entity or person other than the Trustee on matters relating to, or in connection with, the Trustee and this Chapter 11 case. If this Court approves the proposed retention and employment of ACT by the Trustee, ACT will not accept any engagement or perform any service for any entity or person other than the Trustee related to this Chapter 11 case. ACT will, however, continue to provide professional services to, and engage in commercial or professional relationships with, entities or persons that may be creditors of the Debtor or parties-in-interest in this Chapter 11 case; *provided, however*, that such services do not relate to, or have any connection with, the Debtor and this Chapter 11 case.

30. The Trustee has been advised that ACT will not share any compensation to be paid on behalf of the Trustee in connection with services to be performed with any other person or entity, other than other professionals of ACT, to the extent required by Bankruptcy Code Section 504.

### **CONCLUSION**

WHEREFORE, the Trustee requests that this Court enter an Order (i) authorizing the employment and retention of ACT as CPA for the Trustee in this case pursuant to the terms and conditions of the Engagement Letter, effective as of May 6, 2019; (ii) approving the terms of ACT's employment, including the proposed fee structure set forth in the Engagement Letter; and



(iii) granting such other and further relief as the Court deems appropriate.

Respectfully submitted, this the 10th day of June, 2019.

**WALDREP LLP**

/s/ Thomas W. Waldrep, Jr.

Thomas W. Waldrep, Jr. (N.C. State Bar No. 11135)

James C. Lanik (N.C. State Bar No. 30454)

Jennifer B. Lyday (N.C. State Bar No. 39871)

Francisco T. Morales (N.C. State Bar No. 43079)

John R. Van Swearingen (N.C. State Bar No. 53646)

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# **EXHIBIT A**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NORTH CAROLINA  
GREENVILLE DIVISION**

**IN RE:**

**CAH ACQUISITION COMPANY #1,  
LLC, d/b/a WASHINGTON COUNTY  
HOSPITAL,**

**Debtor.**

**Case No. 19-00730-5-JNC**

**Chapter 11**

**AFFIDAVIT OF K. JAMES HUNT IN SUPPORT OF MOTION TO  
EMPLOY ARNETT CARBIS TOOTHMAN LLP AS CERTIFIED  
PUBLIC ACCOUNTANT FOR THE TRUSTEE**

I, K. James Hunt, do solemnly depose and declare as follows:

1. I am a Partner and Chairman of the Executive Committee at Arnett Carbis Toothman LLP (“ACT”), with offices located at 2559 Wilmington Road, New Castle, Pennsylvania 16105. I have extensive experience working with health care entities on a variety of financial and operational matters, including audits, Medicare and Medicaid reimbursement consultation, efficiency reviews, tax matters, and purchases/sales of health care organizations. ACT is a regional accounting firm with nearly three-quarters of a century of operations, approximately 275 personnel, over thirty partners, and is affiliated with American Institute of Certified Public Accountants as well as several other regional associations.

2. I am fully familiar with the facts hereinafter and submit this affidavit (the “Affidavit”) in connection with the *Motion to Employ Arnett Carbis Toothman LLP as Certified Public Accountant for the Trustee* (the “Motion”) pursuant to Section 327(a) of the Bankruptcy Code and Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure.

3. To the extent that any information disclosed herein requires amendment or modification upon ACT’s receipt of additional information or as additional information becomes

available, a supplemental affidavit will be submitted to the Court.

**Professional Fees and Expenses**

4. Pursuant to the terms and conditions of that certain engagement letter dated April 15, 2019 by and between the Trustee and ACT (the “Engagement Letter”), ACT has agreed to accept payment for services provided to the Trustee at its standard rates. A copy of the Engagement Letter is attached to the Motion as **Exhibit B**.

31. The fee schedule setting forth ACT standard rates is included in the Engagement Letter and may be summarized as follows:

<u>Classification</u>	<u>Standard Hourly Rates</u>
Partner	\$325
Senior Manager	\$235–\$275
Manager	\$185–\$215
Supervisor	\$125–\$165
Senior Associate	\$125–\$145
Associate	\$100–140
Support	\$80

5. ACT also will seek reimbursement of all necessary out-of-pocket business expenses, including travel billed at a rate of \$75 per hour, incurred in connection with this matter and a six percent administrative charge to cover administrative overhead.

6. These rates are set out above are designed to fairly compensate ACT for the work of its CPAs and personnel. After conducting certain diligence in connection with reasonable compensation that ACT could request for the provision of its services in this Chapter 11 case, upon information and belief, the terms of the Engagement Letter are similar to the terms, both financial and otherwise, agreed to by ACT and other CPA firms, both inside and outside of bankruptcy. Moreover, the terms of the Engagement Letter were negotiated between the Trustee and ACT and reflect the work to be performed by ACT in this Chapter 11 case and the firm’s accounting, operational, and regulatory expertise.

7. ACT intends to apply to the Court for payment of compensation for services rendered and reimbursement of actual and necessary out-of-pocket business expenses and an administrative charge of six percent, in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and orders of this Court. ACT has agreed to accept as compensation such sums as may be allowed by the Court on the basis of the professional time spent, the rates charged for such services, the necessity of such services to the administration of the estate, the reasonableness of the time within which the services were performed in relation to the results achieved, and the complexity, importance, and nature of the problems, issues, or tasks addressed in the case.

8. No compensation has been received by ACT from the Trustee or any other person on said account.

9. ACT has agreed not to share (a) any compensation that it may receive with another party or person, other than members of the firm itself or (b) any compensation that another person or party has received.

#### **ACT's Conflict Check System**

10. A search of the client databases and other relevant databases of ACT was performed to identify any connections or relationships with the entities with which the Trustee or the Debtor has material relationships as identified by the Trustee. Such analysis consisted of a review of contacts with the Trustee, the Debtor, and entities holding claims or interests in the Debtor that were made reasonably known to ACT by the Trustee. A list of the parties reviewed is reflected in Schedule 1 to this Affidavit. ACT's review included conducting a query of such parties in databases containing the names of individuals and entities that are current or former clients of ACT or who have other relationships with ACT. Additionally, ACT included potential judges and

bankruptcy administrators in the search process. A summary of the relationships that ACT identified during this process is set forth in Schedule 2 hereto.

11. ACT has provided or could reasonably be expected to continue to provide services unrelated to this Chapter 11 case for the various entities shown on Schedule 2. ACT's assistance to these parties has been related to providing various financial, litigation support, business consulting, or tax services. To the best of my knowledge, no services have been provided to these parties in interest that involve their rights in this Chapter 11 case, nor does ACT's involvement in this case compromise its ability to continue such consulting services.

12. In addition, as part of its diverse practice, ACT appears in numerous cases and court proceedings and participates in transactions that involve many different professionals, including attorneys, accountants, investment banks, and financial consultants who may represent claimants and parties in interest in this Chapter 11 case. Further, ACT has performed in the past, and may perform in the future, advisory and consulting services for various attorneys and law firms and has been represented by various attorneys and law firms, some of whom may be involved in these proceedings. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these relationships creates an interest materially adverse to the Trustee or the Debtor in matters upon which ACT is to be employed, and none are in connection with the Trustee, the Debtor, or this case.

#### **Disinterestedness of ACT**

13. To the best of my knowledge, and based on the results of the conflicts search described above, ACT is a "disinterested person" within the meaning of Section 101(14) of the Bankruptcy Code (as supplemented by Section 1107(b) of the Bankruptcy Code), in that, except as otherwise set forth herein, ACT and its professionals:

- a) are not creditors, equity security holders, or insiders of the Trustee or the Debtor;
- b) are not and were not, within 2 years before the date of the filing of the Debtor's Chapter 11 petition, directors, officers, or employees of the Trustee or the Debtor; and
- c) do not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtor, or for any other reason.

14. In addition, to the best of my knowledge and based upon the results of the conflicts search described above, other than as described herein, neither I, ACT, nor any member or associate thereof, holds or represents an interest adverse to the Trustee, the Debtor, or the Debtor's estate.

15. If any new material, relevant facts or relationships are discovered or arise, ACT promptly will file a supplemental affidavit pursuant to Bankruptcy Rule 2014(a).

16. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 1st day of June, 2019.

/s/ K. James Hunt  
K. James Hunt  
Partner  
Arnett Carbis Toothman LLP  
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New Castle, PA 16105  
T +1 724 658 1565  
F +1 724 658 2402  
[james.hunt@actcpas.com](mailto:james.hunt@actcpas.com)

**Schedule 1**

117A Albemarle Dr, Plymouth, NC
250 S. Kraemer Blv – D1.NW.03
3M
A+ Printing
AAASF Office
ABBVIE
AB Sciex, LLC
AC Oil
ACR
AFCO Insurance Preimum Finance
ANFP
AYA Healthcare, Inc.
Abbott-Laboratories
Abbott Diabetes Care, Inc.
Accurad Medical Imaging
Accuratenow
Adaptive Medical Partners
Adepto Medical
Advance Boiler Repair & Service
Advanced Physician Billing, Inc.
Advantage RN, LLC
Affiliated Medical Services
Agema Lab Management, LLC
Agility Health LLC
Air Evac. EMS
Airgas Mid South, Inc.
Airgas USA, LLC
Alere North America, Inc.
Alex J. Kuhlman
Alimed
Allergan USA, Inc
Alliance Radiology, PA
Allred Recruiting Group
Amazon Capital Services, Inc.
American Cancer Society
American Esoteric Laboratory (AEL)
American Future Systems, Inc.
American Osteopathoc Assoc.
American Proficiency Institute



American Red Cross Blood Services
American Screening Corporation
American Solutions for Business
Ameripath Oklahoma City
Ameripride
Amerisource Bergen Drug Corp
Amit Kumar
Anesthesia Dynamics
Angela Cooper
Angela Holmes
Anthem Blue Cross Life and Health Insurance Company
Anthem Health Plans of Kentucky, Inc. doing business as Anthem Blue Cross and Blue Shield
Anthem Health Plans of Maine, Inc. doing business as Anthem Blue Cross and Blue Shield
Anthem Health Plans of New Hampshire, Inc. doing business as Anthem Blue Cross and Blue Shield
Anthem Health Plans of Virginia, Inc. doing business as Anthem Blue Cross and Blue Shield
Anthem Health Plans, Inc. doing business as Anthem Blue Cross and Blue Shield
Anthem Insurance Companies, Inc. doing business as Anthem Blue Cross and Blue Shield
Anthony Technology, LLC
App Group International, LLC
Applied Medical
Appollo Medical Services
Apria Healthcare
Arjo, INC.
Armstrong Medical
Arnett Carbis Toothman, LLP
Arrow International, Inc.
Aspirar Medical Lab, LLC
Assistant United Stated Trustee Jordan Sickman
AT&T
Atchison Hospital
Atlantic Coastal Supply
Atlas Medstaff, Inc.
Attorney General, State of Missouri
Audit Microcontrols, Inc.
Auto Chlor Services, LLC
BC Technical
BCBS of New Mexico
Background Check Advantage
Baker-Allen Building Supply
Baker Donelson Bearman Caldwell & Berkowitz, PC

Bank of Hays
Bankruptcy Administrator for the Eastern District of North Carolina
Barnes Motor & Parts Plymouth
Barney's Electric
Baxter Healthcare
Bayer Corporation
BC Technical
BCBSM Inc. doing business as BlueCross BlueShield of Minnesota
BH Media Group
Beacon Printing & Imaging, Inc.
Beckman Coutler, Inc.
Bemac Supply
Bemes, Inc.
Bennie A. Moore Septic Tank
Billie Jo Boykin
Billy Cochran
Bio Electronics
Bio Rad Laboratories Inc.
Biote Medical LLC
Biotronic, Inc
Biotronik, Inc.
Bioventus
Bio-Tek Services, Inc
Blue Cross and Blue Shield of Georgia, Inc.
Blue Cross Blue Shield Healthcare Plan of Georgia, Inc.
Blue Cross Blue Shield of Michigan Mutual Insurance Company
Blue Cross Blue Shield of Wisconsin doing business as Anthem Blue Cross and Blue Shield
Blue Cross of California, Inc. doing business as Anthem Blue Cross
Blue Ridge X-Ray Company, Inc.
Bluebird Network, LLC
BMI
Boone Hospital Center
Border States Electric Supply
Boston Scientific
Bothwell Regional Health Center
Bowen Heating & Refrig Inc.
Bowen Pharmacy
Boyce & Bynum Pathology Lab
Brame Specialty Company
Brenda L. Herndon
Brent King

Briggs Corporation
Brightsavings 1, LLC
Brittany M. Jordan
Brown County 4H Council
Brown County Treasurer
Bud's Fire Extinguisher Sales
Butler & Associates
Bybee Lawn
C&R Medical
CDL Electroni Co., Inc.
CED/Philips & Company
CEJKA Search
CIP Consulting LLC
CK Power
CPSI
CR Bard, Inc
CSI/Kansas City, LLC
CAH Acquisition Company #1, LLC a Delaware Limited Liability Company doing business as Washington County Hospital
CAH Acquisition Company #10, LLC
CAH Acquisition Company #11, LLC a Delaware Limited Liability Company doing business as Lauderdale Community Hospital
CAH Acquisition Company #12, LLC a Delaware Limited Liability Company doing business as Fairfax Community Hospital
CAH Acquisition Company #2, LLC a Delaware Limited Liability Company doing business as Oswego Community Hospital
CAH Acquisition Company #3, LLC a Delaware Limited Liability Company doing business as Horton Community Hospital
CAH Acquisition Company #4, Inc. an Oklahoma Corporation doing business as Drumright Regional Hospital
CAH Acquisition Company #5, LLC a Delaware Limited Liability Company doing business as Hillsboro Community Hospital
CAH Acquisition Company #6, LLC a Delaware Limited Liability Company doing business as I-70 Community Hospital
CAH Acquisition Company #7, LLC a Delaware Limited Liability Company doing business as Prague Community Hospital
CAH Acquisition Company #9, LLC
CAH Acquisition Company 16, LLC a Delaware Limited Liability Company doing business as Haskell County Community Hospital
Cable One
Cameron Blake Smith
Canon Medical Systems USA, Inc
Cannuflow, Inc

Cardinal Health
Cardinal Health - Pharm
Cardinal Health 411, Inc.
Cardinal Health Nuclear Pharm
Careexpand, LLC
Carefusion Solutions, LLC
Carestream Health, Inc
Carol McKinney
Carol McLeod
Cassidy Skinner Wimp
Castle Medical, LLC
Cayenne Medical, Inc.
Centimark Corp
Centurion Medical Products
Century Link
Cerner Corporation
Charles E. Cartwright
Chemical Systems, Inc.
Cherokee County Ambulance Assc
Chetopa High School
Christina Schlatter
Chrystie L. Stowe
Cigna Health and Life Insurance Company
Cigna Healthcare
Cigna Healthcare of North Carolina, Inc.
Cigna Healthcare of St Louis, Inc.
Cim Tel Cable, LLC
Cindi A Sims - Saline County Collec
Cindi Major
Citeffe, Inc
City of Altamont
City of Chetopa
City of Drumright
City Hillsboro, Kansas
City of Oswego
City of Parsons
City of Powhattan
City of Prague
City of Sweet Springs
Clayton Paper & Distribution
Clearchem Diagnostics, Inc.

Clia Laboratory Program
CLIA Waived, Inc.
College of American Pathologists
Commercial Openings
Commercial Blood Center
Commercial Medical Electronics
Communication Services
Community Blood Center
Community Insurance Company doing business as Anthem Blue Cross and Blue Shield
Comphealth Medical Staffing
Compcare Health Services Insurance Corporation doing business as Anthem Blue Cross and Blue Shield
Complete Business Solutions Group, Inc.
Compliant Healthcare Technologies
Compugroup Medical, Inc.
Computer Products & Supplies Int
Comtrix Solutions
Concordance Healthcare Solutions
Cone Instruments
Conmed Corp
Cook Medical, Inc
Cooper County Memorial Hospital
CPP Wound Care #25 LLC
CPP Wound Care, LLC
Creek County Treasurer
Creekridge Capital
Crest Healthcare Supply
Creswell Water & Sewer Department
Crown Linen Service
Culligan Water
Curtis L. Mellen
Curtis S. Potter
DNV GL Healthcare USA
DP Medical Services
Dan Hiben
Dana Kabrey
Daniel Bercu
David Cooks Plumbing
David M. Warren
Debra Chavez
Delta Flex Travelers, LLC

DELTA Healthcare Providers
Demco Printing
DeMint Anesthesia Services, LLC
Denison, Inc.
Department of the Treasury – Internal Revenue Servi
Design Supply, Inc
Devon Nading
Diagnostic Laboratory of OK
Diamedical USA Equipment, LLC
Diane L. Cranor
Diane Young
Digitec Medical Service Corp
Directv
Discount Cardiology
Dock & Lock Storage
Doerner, Saunders, Daniel & Anderson, L.L.P.
Dominion North Carolina Power
Dominion Virginia Power
Donna McBroom
Drug Tests in Bulk
Drugs of Abuse Testing
Drumright Regional Hospital
Drumright Rural Health Clinic
Dung Tien Pham
Durlyn Boradcasting
Dusty Ducts, Inc.
Dusty Jones
Dysha Knight
EMP Millipore Corporation
EMR Finance, LLC
EPIC
EPower Doc, Inc.
ER Imaging, Inc.
ERx, LLC
EWT Holdings III Corp
East Carolina Door Control Ser
East Carolina Supply Co.
Eastern Radiologists, Inc.
Echo Mills
Ecolab
Ecom Folders

Electronic Contracting Co
Electronics Supply Co, Inc
Elesha Draeger
Emcare Physician Services, Inc.
Emergence Teleradiology
Emergency Coverage Corp
Emergency Medical Products
Emergency Medical Serivces, Inc
Emergency Power Systems, Inc.
Empire HealthChoice Assurance, Inc. doing business as Empire Blue Cross and Blue Shield
Employment Security Commission
Empower H.I.S LLC A Florida limited liability company
Empower Healthcare, LLC a Florida Limited Liability Company
Empower HMS LLC a Delaware Limited Liability Company
Enchanted Gardens
Epower Doc, Inc
Erick Batchelor Plumbing
Ernesto Fesser
Evoqua Water Technologies
Experian Health
EZ Way, Inc
FDS-MQSA Program - 199125
Fairfax Chief
Fairfax Community Hospital
Fairfax Healthcare Authority
Falls City Mercantile
Family Discount Pharmacy
Farnam Street Financial Inc.
Fedex
Fern Vail
Fidelity Security Life Insurance Company et al
Financial Thrivent
First Advantage Background SVC
First Advantage Occupational
First Capital Corporation
First Financial Corporate Leasing
First Liberty
First Physicians Lending Solutions - Fairfax, LLC
Fisher Healthcare

Fisher Scientific Company, LLC
Fitzgibbon Hospital
Forum Financial Services
Fox Rothschild
Frogley's Mini Storage
Fukuda Denshi USA, Inc.
Fusion Meidcal Staffing
Futrell's Plumbing
Future Health Concepts, Inc
GE Capital Corp.
GE Healthcare
GE Healthcare Financial Services
GEHA
GEL Funding, LLC
GI Coverage, LLC
Gail M. Billman
Gas & Supply
Gemino Healthcare Finance
Gene Evans
General Electric Capital Corporation
Genesis Medical Imaging, Inc.
George King Bio- Medical, Inc
Gerwick & Assoc., Inc
Gerzick & Assoc. Inc.
Gina Russell
GlassRatner
GlaxoSmithKline Pharmaceutical
Gordon Kern, MD, LLC
Grainger
Grant Thornton, LLP
Graywater Traders, Inc.
Greenville Pathology, PA
Hagar Restaurant Service, Inc
Halifax Linen Service
Hardy Diagnostics
Haskell County Community Hospital
HD Spply Facil Maint Ltd
Health Acquisition Company LLC A West Virginia limited liability company
Health Care Logistics
Health Data Solutions
Healthcare Infection Control Solutions



Healthlink, Inc
Healthy Alliance Life Insurance Company
Heartland Alarms, Inc
Heartland Pathology Consultant
Heather Poe
Helmer
Hemocue, Inc.
Hendren, Redwine & Malone, PLLC
HERC
Hiawatha Ford, Inc
High Point Capital
Higher Calling Technology
Hill-Rom Company, Inc
Hillsboro Community Hospital
Hillyard/Kansas City
HIPPA-Guard
HMC/CAH Consolidated, Inc. A Delaware corporation
HMO Healthkeepers, Inc. doing business as Anthem Blue Cross and Blue Shield
HMO Missouri, Inc.
HMS Health, LLC
Holt Equipment Co., LLC
Home Heating & A/C Co
Horizon CSA, LLC
Horizon Scientific, Inc
Horton Chamber of Commerce
Horton City Clerk
Horton Community Hospital
Horton Headlight
Horton High School
Horton Thriftway
Hospira Worldwide, Inc.
Hospital Equipment Rental Co.
HPCG Hospital Investment, LLC
Hutchison Plumbing
I.T.S. USA
I-70 COMMUNITY HOSPITAL
IBEJI Staffing Corp.
IBM Corporation
IDEXX Labs
IPC, Inc
Identocard

iHealthcare, Inc.
iHealthcare Management II Company
iHealthcare Software Services, Inc.
Immucor, Inc.
Impact Medical Services, LLC
Impact Networking Indiana, LLC
Indian Electric Cooperative
Industrial Welding & Tool Supply
Information Network of Kansas
Interior Distributors, Inc.
Internal Revenue Service
Intuit Inc.
Iron Mountain, Inc
J&J Health Care
Jackson Pharmacy Professionals
Jacqueline Betteridge
James Shaffer
Janet Banowetz
Janet White
Jeffrey J. Caldwell, DDS, PA
Jenkins Risk Management
Jennifer Campmier
Jennifer P. Wagner
Jennifer Stoneking
Jernigan Electrical Service Co.
Jerod Norris
Jessica Mayfield
Jill Blankinship
Joe Harding Sales & Service
Joe Moore & Company, Inc.
John A. Bebb, Sr.
John Paul H. Cournoyer
Johnson Controls Fire Protect
Johnson & Johnson Finance Corp
Johnstone Supply
Jorge A. Perez
Joyce L. Hiben
Judge Dana L. Rasure
Judge Joseph N. Callaway
Judge Robert E. Nugent
Julee Riley

K&L Safety Products
KAMMCO
KCI USA
KGGF-KUVSN, Inc.
KPS Physician Staffing, Inc.
KS Dept Health & Environment
Kansas Board of EMS
Kansas City Power & Light
Kansas Department of Revenue
Kansas EMS Association
Kansas Fire & Safety Equipment
Kansas Gas Service Co.
Kansas Hospital
Kansas Pathology Consultants
Kansas Payment Center
Kansas Secretary of State
Kansas State Board of Pharmacy
Kari Chesson Hardison
Kehrs Law Offices
Keith & Associates, Inc.
Keith Plummer
Keller Fire & Safety
Kempton Company
Key Rehabilitation
Kinamed, Inc
Klenda Austerman LLC
Lab Corp of America Holding
Labcorp
Labette Center – Mental Health Services
Labette Health
Labette County Kansas
Labette County Treasurer
Laboratory Start-Up Consultant
Laboratory Supply Company
Landauer, Inc.
Landmark National Bank
Larson & Associates
Laser Creations
Laser Tech Company, LLC
Lauderdale Community Hospital
Lauderdale County Assessor

Lauderdale County HOPE Foundation
Laureen C. Koehler
Lemon Tree Floral & Gifts
Lexmark Enterprise Software
LGC Maine Standards
LGMG, LLC
Liberty Imaging Partners II
Life Safety Services, LLC
Lifeblood/Mido UTH Blood
Lifeflight Eagle
Lighthouse Lab Services
Lincoln County News
Lincoln County Treasurer
Locke Supply Co
Love Beal & Nixon, PC
Lincare, Inc
Lois Roberson
M&T Bank
MASSCO
MFA Oil
MHA Health Insurance
MHA Management Services Corp
MST XS, LLC
Madison Medical
Main Standards Co., LLC
Major Power Generation Services
Marmic Fire & Safety Co, Inc.
Marion County Treasurer
Marjorie K. Lynch
Marketlab, Inc.
Marshall Democrat News
Martin General Hospital
Masimo
Massco Maintenance Supply
Mastercraft Boiler
Matheson Tri-Gas
Maxim Healthcare Services, Inc.
Maxim Staffing Solutions
May Medical, Inc. dba See the Trainer-Bellevue
McCartys
McKesson

McKesson Corporation
McKesson Corporation - RX
McKesson Medical-Surgical Inc.
McNair Oil Co.
Medassurance
Medassure
Medi Scripts
Mediacom
Medicaid Missouri
Medical Imaging Solutions
Medical Technology Assoc
Medivators
Medline Industries, Inc.
MedPrime Capital
MEDTOX Diagnostics, Inc
Medtox Laboratories, Inc.
Medtronic Physio-Control Corp
Medusind, inc
Medx Group Corp.
Melanie Perry
Merrick, Baker & Strauss, P.C.
Merritt Hawkins & Associates
Mercy Hospital
Mercy Medical Supply
Merry X-Ray Corp
Mesirow Ins. Serivces. Inc
Metrolina, Inc.
Meyer Laboratory Inc
Micro Direct, Inc
Midland
Midray North America
Midwest Card & ID
Midwest Medical Transport
Miller EMS, LLC
Medical Imaging Solutions
Medline
Miller Office Equipment
Millpore Corp
Mindray DS USA Inc.
Mirion Technologies Inc
Missouri Department of Revenue

Missouri Employers Mutual
Missouri Hospital Association
Missouri Network Alliance, LLC
Mo-Kan Iron Workers Welfare
Mobile Cardiac Care, LLC
Modular Space Corporation
Molecular Bioproducts
Moneysworth Linen Service, Inc.
Monson Hardware, LLC
Morgan Cohen & Bach
Morning Sun
Mortara Instrument, Inc
Mountain X-Ray
NOA Medical Supply
NC Child Support
N.C. Department of Justice
Names and Numbers
National Fire Suppression
Nelson Mullins Riley & Scarborough, LLP
Netgen Healthcare
Net2Phone
Newegg Business, Inc
News Leaer Company, Inc
Nuesoft Technologies
Nortek Medical Staffing, Inc.
North Carolina Department of Health and Human Services, Division of Health Benefits
North Carolina Department of Labor
North Carolina Department of Motor Vehicles
North Carolina Department of Revenue
North Carolina Division of Empl Security
Notary Public Underwriters, Inc
Novitas Solutions, Inc.
NC DHHS Division of Medical Assistance
NC-DHSR
NCDHSS
NCHA
NC Radiation Protection Sec
Nthrive Inc.
National Recall Alert Center
National Staffing Solutions
Novartis

NPG Newspaper
Nursing Homes, LTD
OG&E
OK State Board of Pharmacy
O'Brien Pharmacy
Occupational Health Dynamics
Office Depot
Officezilla, Inc.
Olathe Winsupply
Olympus Financial Services
Oklahoma Advantage Storehouse, LLC
Oklahoma Blood Institute
Oklahoma Employment Security Commission
Oklahoma Natural Gas Co
Oklahoma Tax Commission
OneDoc- Managed Print Services
Ortho-Clinical Diagnostcs, Inc.
OSU Foundation
Osage Services Group
Oswego Chamber of Commerce
Oswego Community Hospital
Oswego Drug Store
Oswego Fire Department
Oswego Project Prom
Owens & Minor
PC Connection
PCH/Leslie Harrison
PCM-G
PDC Healthcare
PLICO
PMIC
PRN Funding, LLC
Pacific Medical, LLC
Painweek
Par Forms Printing, Inc
Partners Financial, LLC
Passport Health Communicatons, Inc
Patient Telephone Supply
Patriot Placement Staffing LLC
Patterson Medical
Paul L. Nusbaum

Paulette J. Delk
Pawnee Chief
Pedro Galvez
Peregrine Corporation
Personnel Concepts
Pest X Termite & Pest Control
Philips Healthcare
Phusion Marketing Group
Phyllis Shaffer
Physio Control, Inc
Piccpros, LLC
Pied Piper Services of NA, LLC
Pitney Bowes Purchase Power
Pitney Bowes, Inc.
Platinum Code
Pointer Communications
Police Department Calendars
Ponca City News
Practice Management Information, Inc
Prague Chamber of Commerce
Prague Community Hospital
Prague Mini Storage
Prague Public Schools
Prakash Tirupattur, MD
Precision Dynamic Corporation
Preferred Health Professionals
Premier Spec Network LLC
Primeforce Medical Corp
Probo Medical
Professional Media Resource
Professional Software, Inc.
Prophysics
Psychiatric Medical Care
Public Building Commission of Hillsboro, Kansas
QCR Holdings Inc. & Subsd
Quality Printing, Inc.
Quality Systems, Inc.
QueenB Television of KS/MO, LLC
Quest Diagnostics
Quest Diagnostics Clinical
Quest Diagnostics Clinical Lab.



Quest Diagnostics Clinical Laboratories Inc.
Quidel Corporation
Quill Corporation
R&D Batteries, Inc.
RR Donnelley
RSP Trash Service
R. Lee Webber, Morton & Germany, PLLC
Radiological Solutions
Radiology and Nuclear Medicine
Radon Medical, LLC
Radsource Imaging
Rainbow Communications
Ram Exterminators
Ramp Plymouth, PA
Ray Tech
Rayford K. Adams III
Raymond Howard
Readylink Inc.
Reboot Inc.
Reboot, Inc./HIPPA Guard
Regence BlueCross BlueShield of Oregon
Regence BlueCross BlueShield of Utah
Regence BlueShield
Regence BlueShield of Idaho
Regional Veterinary Services, Inc
Remedies
Republic Services #609
Reserve Account
Respiratory Maintance, Inc
Respironics, Inc.
Riggs Drugs, Inc
RightCHOICE Managed Care, Inc.
Ripley City Recorder
Robbie Barber Electrical Services
Robert L. Venable, M.D.
Roche Diagnostics Corporation
Rock Island Key & Lock Shop
Rocky Mountain Hospital and Medical Service, Inc. doing business as Anthem Blue Cross and Blue Shield
Roger and Mary Swearengin
Rollins, Inc.

Royal Publishing, Inc
Rural Community Hospitals of Americ Attn: Steven F. White
Rural Community Hospitals of America LLC (D.B.A. RCHA)
Rural Emergency Medical Prov.
Rural Health Partners, LLC
Rural Wisconsin Health Coopera
S&W Healthcare Corp
Sagamorehill of Missouri, LLC
Saline County Collector
Satterlee Plumbing Heating
SHI International Corp.
Schneider Electric Buildings
Security Bank of Kansas City
Security Transport Services, Inc
Shamrock Scientific
Shane Reed
Shared Medical Services Inc
Shared Medical Services, LLC
Sharn, Inc.
Shred-it USA
Show-Me Food & Nutrition Services
Siemens Financial Services, Inc.
Siemens Healthcare Diagnostics
Simplex-Grinnel LP - Raleigh
Sizewize
Skil Resource Center, Inc
Skillpath Seminars
SMC Direct, LLC
Smirk Designs
Smith Paper & Janitor Supply
Smithkline Beecham Corp
Smiths Addressing Machine Serv
Somerset Capital Group, Ltd.
SonEquity Pest Management
Sopyla & Associates
SourceMark, LLC
SourceOne Healthcare Tech
Southeastern Emergency Equipment
Southwest Med Equipment, Inc
Spectro, LLC
Springfield Mechanical Service

Spencer Fane LLP
Spilman Thomas & Battle, PLLC
Sprvey Medical Systems, Inc.
St. Lukes North Hospital
Stallard Technologies, Inc.
Standley Systems, LLC
Staples Business Advantage
Stars
State of Kansas
State of Oklahoma- OSU Center for Health Sciences
Stephani W. Humrickhouse
Stericycle Inc
Sterilelink, Inc.
Steve's Auto Upholstery
Steven F. White
Stevens & Brand, LLP
Stigler Municipal Improvement Auth.
Stigler News Sentinel
Stinson Leonard Street LLP
Stone Bank
Stormont Vail Health Care
Stryker Endoscopy
Stryker Instruments
Stryker Medical
Sun Finance, Inc.
Super Shred
Swain Gas
Sweet Springs Ambulance
Sybran Communications, Inc
Sysco Food Services
Sysko of Kansas City
Sysmex America, Inc.
T-System, Inc
TEK Collect
TMS Audio Productons, Inc
TX Child Support SDU
Taylor Newspaper
Tecumseh Oxygen & Medical Supply
The ISO 9001 Group
The Medical Protective Company
The NTL Alliance of Rural Hosp

The Rads Group, Inc.
The Roanoke Beacon
The Stevens Group, LLC dba Woodstock Dietary Systems
Thomas W. Waldrep, Jr.
Thompson Bros. Supplies, Inc
Threattrack Security
TN Dept of Labor - Bureau of Unemployment Insurance
Tony's Snow Removal
Topeka Health Systems, LLC
Topeka Pathology Group
Topeka Health Systems Lab
Toshiba America Business
Toshiba America Medical Credit
Toshiba America Medical System
Total Medical Personnel Staffing
Touchtone Communication
Town of Fairfax
Town of Plymouth
Tracey M. Ohm
Trainim Health Services
Treasurer of Virginia
Treat's Solutions
Tri-Anim Health Services, Inc.
Tri-County Telephone
Tri-Tec Medical, Inc
Trial Attorney Carrie Ann Rochrscheib
Trial Attorney Christopher T. Borniger
Triangle Xray Company
Tricounty Telecom
Triple H Services
Triplett Woolf Garretson, LLC
Troy Brown Heating & Cooling
Trucode, LLC
Truven Health Analytics, Inc.
Turner Medical Inc
Typenex Medical
UMR
UPS
UnitedHealthcare Insurance Company
United Linen & Uniform
United Linen Uniform Services

United States Attorney for the Eastern District of North Carolina
United States Attorney for the Northern District of Oklahoma
Universal Hospital Services
US Bank
US Dept. of Education
US Foodservice
US Specialty Labs
USA Radiology Management Solutions
Utak
Verizon Wireless
Vermed, Inc
Virginia Division of Child Support Enforcement
Virtual Radiologic
Viztek, LLC
Volente Healthcare LLC
Vonco Medical Products, Inc
Vyne Education, LLC
WPS GHA - Reimbursement
W.W. Grainger, Inc
Waldrep, LLP
Walker Auto & Truck Parts
Wallach Surgical Devices
Waser Plumbing & Heating, Inc
Washington County Hospital
Washington County, NC
Washington Co. Sheriff Calendar
Washington County Tax Department
Waste Corp of Missouri
Waste Management of Kansas, Inc
Wave Wireless
Wellstart Health, LLC
Werfen USA Labs
Werring Law Office, LLC
Westar Energy
Western Healthcare, LLC
Western MO Medical Center
Westrock Solutions, LLC
Williamston Fire Extinguisher
Windstream
Works & Lentz of Tulsa, Inc.
World Acceptance Corp

WPM Pathology Laboratory
Wright Medical Technology, Inc.
Wright Products, Inc.
Wright Signs & Graphics
Xerox Corporation
Xerox Crop Supplies
Zoll Medical Corp
Zoro Tools, Inc

**Schedule 2**

<b>Relationship Identified</b>	<b>Explanation of Relationship</b>
Rural Community Hospitals of America	ACT has provided services to this entity, which has or had an ownership interest or management relationship with CAH 1, in the past.
Steven F. White	ACT has provided services to entities in which Steve White held a direct or indirect ownership interest, including CAH 1, but no individual services. Steve White, together with Paul Nussbaum, purchased a receivable for Health Acquisition Company, LLC from ACT.
Spilman Thomas & Battle, PLLC	ACT has provided, and continues to provide, litigation services to this entity unrelated to this case.
Jorge A. Perez	ACT has provided services to entities in which Jorge Perez held a direct or indirect ownership interest, including CAH 1, but no individual services
Sun Finance, Inc.	ACT has not provided services to this entity. ACT has, however, provided services to entities directly or indirectly owned by the owners of Sun Finance, Paul Nussbaum and Steve White.
Paul L. Nussbaum	ACT has provided services to entities in which Mr. Nussbaum held a direct or indirect ownership interest, including CAH 1, but no individual services. Paul Nussbaum, together with Steve White, purchased a receivable for Health Acquisition Company, LLC from ACT.
Tom Waldrep, Jr.	ACT has verbally agreed to provide services to the bankruptcy trustee in this case.
HMC/CAH Consolidated, Inc.	ACT has provided services to this entity, which has an ownership interest in CAH 1, in the past.

Health Acquisition Company, LLC	ACT has provided services to this entity, which has an ownership interest in CAH 1, in the past. A receivable for this entity was sold to Paul Nussbaum and Steve White.
EmpowerHMS	ACT has provided services to this entity, which has or had an ownership interest or management relationship with CAH 1, in the past.
iHealthcare, Inc.	ACT has not provided services to this entity. However, this entity is or was under some control by Jorge Perez, and ACT provided services to other Perez-affiliated entities.
Cooper County Memorial Hospital	ACT provided services to this entity, which was formerly managed by HMC/CAH Consolidated, Inc., in the past.
Cohesive Healthcare Management & Consulting LLC	ACT has not provided services to or worked with this entity prior to the bankruptcy of CAH 1. However, ACT has established a relationship with Cohesive through the CAH bankruptcy proceedings.
iHealthcare Management II Company	ACT has not provided services to this entity. However, this entity is or was under some control by Jorge Perez, and ACT provided services to other Perez-affiliated entities.
iHealthcare Software Services, Inc.	ACT has not provided services to this entity. However, this entity is or was under some control by Jorge Perez, and ACT provided services to other Perez-affiliated entities.
Drumright Regional Hospital	ACT has provided services to this hospital in the past. Drumright is owned by entities related to the ownership of CAH 1.
Sayre Memorial Hospital, Inc.	ACT provided services to this entity, which was formerly managed by HMC/CAH Consolidated, Inc., in the past.
Liberty Mutual Insurance	There is ongoing litigation between ACT and this entity.



## **EXHIBIT B**



April 15, 2019

Thomas Waldrep, Jr.  
Waldrep Law  
101 S. Stratford Road, Suite 210  
Winston-Salem, NC 27014

Re: Engagement as Accountants for the Trustee of the Debtors Consolidated Under Case No. 19-00730-5 in the United States Bankruptcy Court for the Eastern District of North Carolina

Dear Mr. Waldrep:

This letter constitutes the terms of the engagement between you, as the trustee for the above referenced seven critical access hospitals currently in bankruptcy ("Client" or "You"), and Arnett Carbis Toothman LLP ("ACT" or "We"), under which we will provide consulting services to you related to the seven critical access hospitals. The seven critical access hospitals are as follows: Washington County Hospital, Oswego Community Hospital, Haskel County Community Hospital, Horton Community Hospital, I-70 Community Hospital, Prague Community Hospital, and Fairfax Community Hospital. These hospitals will collectively be referred to as the "CAHs" or "Debtors."

### **PROJECT OBJECTIVE**

The objective of this engagement is to assist you in assembling financial data for the CAHs, to enable the preparation of necessary regulatory filings such as Medicare and Medicaid cost reports, tax returns, etc. The objective will also include assistance in the preparation of the necessary regulatory filings once meaningful financial data has been assembled. Due to the status of the Debtors' financial reporting, the objectives of this engagement will apply to periods beginning in 2016. ACT's institutional knowledge of the evolution of the CAHs will be instrumental in achieving the objectives of this engagement.

### **PROJECT SCOPE AND APPROACH**

1. Perform an evaluation of the most recent accurate financial data. We expect this will be for the year 2016.
2. Perform an evaluation of the financial data that has been recorded subsequent to the most recent accurate data. We expect this evaluation will occur for the years 2017 through 2019. As part of this process, we will obtain an understanding of the availability of such financial data as well as what procedures have been performed to keep this data current.
3. Once ACT has reasonable current financial records, ACT will perform analyses, on a monthly basis, to assist in the accuracy of the ongoing financial statement process.
4. Steps 1, 2, and 3 will include reconciling all material accounts to supporting data such as cash, accounts receivable, intercompany receivables/payables, etc. We anticipate this will involve assistance from Client's Information Technology Team.
5. Prepare the amended 2017 federal and state income tax returns for the CAHs. Note that these amended tax returns for 2017 will be necessary to allow for the accuracy of tax returns filed for future years.
6. Prepare the 2018 federal and state income tax returns.
7. Prepare the federal and state income tax returns for necessary years subsequent to 2018.
8. Assist in evaluating the need for other tax filings such as property tax returns, payroll tax returns,

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April 15, 2019  
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and sales tax returns.

9. Our understanding is that the individual who prepared the 2018 Medicare and Medicaid cost reports posted entries to the accounting system. We will attempt to reach out to that individual to obtain knowledge of the entries that were made and to what extent they have, or have not, been posted to the internal accounting records. Through discussions with that individual, as well as other methods, we will consider those entries for integration into the internal accounting records, assuming they have not been integrated.
10. Conduct a post-submission review of the 2018 Medicare and Medicaid cost reports filed by the individual noted in #9 above. This review is necessary to obtain an understanding of "audit readiness" of the cost reports as well as attempt to identify any opportunities for increased reimbursement or potential settlements due to Medicare and/or Medicaid. This may involve the filing of amended cost reports.
11. ACT's understanding is that there are four Medicare and Medicaid cost reports for the year 2018 that remain unfiled. ACT's understanding is that the individual noted in #9 above, is in the process of finalizing and filing these four cost reports. ACT will conduct a post-submission review of these four cost reports.
12. In addition to assisting in assembling the financial information necessary to file the tax returns and cost reports as noted above, to the extent necessary, ACT will assist in assembling the statistical data necessary to prepare the cost reports. This information will include statistics such as pounds of laundry, housekeeping hours, meals served, etc. This statistical information will be necessary for all cost reports filed.
13. Evaluate the regulatory guidance relative to qualification of bankruptcy expenses for reimbursement under Medicare and Medicaid guidance. We will provide this guidance to you.
14. Preparation of 2019 Medicare and Medicaid cost reports.
15. Review of third-party payor interim rate adjustments and settlements received/paid by the CAHs.
16. Filing of Disproportionate Share reports as necessary.
17. Evaluate the requirement/advantage of preparing home office cost reports for Empower for 2018 and 2019.
18. Participation in necessary meetings with you as requested.
19. Assist in providing appropriate change of ownership (CHOW) change of control notifications to the Medicare Administrative Contractors (MAC's).

It is important to note that, as of the date this engagement letter was prepared, there was limited knowledge of the condition of the CAHs' financial records and limited knowledge of the status of the various regulatory filings. Once that knowledge is obtained, there may be modifications to the scope of the engagement.

#### **TIMING AND REPORTING**

ACT will begin this engagement upon acceptance and approval by the Bankruptcy Court. Timely completion of various tasks pursuant to this engagement depends upon the availability of existing data and the condition of that data.

#### **PROJECT STAFFING**

Due to the complexities associated with this engagement, ACT's staffing will include individuals with significant experience with various aspects of critical access hospitals as well as significant experience in the functional areas of accounting, tax, and third-party reimbursement. The leaders of the ACT Team will be James Hunt, CPA, Greg Gibbs, CPA, James Raley, CPA, Kevin Highlander, CPA, and Keith Hutcheson, CPA.

Thomas Waldrep, Jr.  
Waldrep Law  
April 15, 2019  
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### **PROJECT FEES**

Our fees are based upon our standard hourly rates, plus reasonable out-of-pocket expenses. Our standard hourly rates, by level, are as follows:

Partner	\$325
Senior Manager	\$235 - \$275
Manager	\$185 - \$215
Supervisor	\$125 - \$165
Senior Associate	\$125 - \$145
Associate	\$100 - \$140
Support	\$80

As mentioned above, ACT believes the services covered by this engagement will have a high degree of complexity. Therefore, ACT expects this engagement will be largely staffed by more experienced professionals.

Expenses will include a charge for various out-of-pocket expenses including meals, hotel, and travel time at a rate of \$75 per hour, plus a 6% charge, to cover administrative overhead.

Periodically, ACT adjusts its standard hourly rates. These adjustments reflect inflation, promotions, compensation changes, etc. The standard hourly rates, as outlined above, will be adjusted periodically in accordance with ACT's standard rate adjustment procedures.

ACT intends to apply to the Bankruptcy Court for the payment of compensation for services rendered and reimbursement of actual and necessary out-of-pocket expenses in accordance with applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

### **PROFESSIONAL STANDARDS**

You agree that ACT shall follow the Professional Standards applicable to Consulting Services. It is not intended, nor necessary due to the scope of work, that ACT follow AICPA requirements related to Attestation Standards, Auditing Standards, or Statements on Standards for Accounting and Review Services.

### **GENERAL TERMS AND CONDITIONS**

Information may be transmitted through electronic means and ACT will make a reasonable effort to maintain the security of data received, in accordance with professional standards. You recognize that ACT has no control over unauthorized interception of electronic data once it has been sent, and you consent to the use of electronic data during the engagement.

From time to time and depending upon the circumstances, we may use third party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

Due to the nature of the information we are to receive, Business Associate Agreements may be necessary, to be in compliance with the Standard for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E (the "Privacy Rule"), as amended by Subtitle D of the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), as Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5). You, as the trustee for the above referenced eight critical access hospitals, will need to

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April 15, 2019  
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determine if the Business Associate Agreements need to be executed and provide it to us for review and signature.

While we are pleased to provide qualified staffing during this engagement, we do not expect our clients to offer permanent employment to our professionals. As we are sure you realize, we have significant investment in the training and professional development of our professionals and they are valued employees of ACT. If you should hire a professional working on this engagement either during the engagement or within one year after the completion of the engagement, you will be billed a personnel placement fee of \$25,000 to compensate ACT for this employee. By your approval of these arrangements, you indicate your agreement with these terms.

You hereby indemnify ACT and its partners, principals, staff, directors, agents, employees, affiliates, or assigns and hold them harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the CAHs' management, regardless of whether such person was acting in the CAHs' best interest. This indemnification will survive termination of this letter. Provided, that in any event, this shall not be read to include indemnification for claims for bad faith, gross negligence, or willful misconduct by ACT, and further shall not be read to include indemnification for contractual disputes between the CAHs and ACT.

You agree not to rely on any advice provided by ACT or its assigns except as provided in writing.

You and ACT agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than one year after the date of the report(s) issued by Act or the date of this engagement letter if no report(s) has been issued.

You waive any claim for punitive damages. ACT's liability for all claims, damages, and costs from this engagement is limited to the amount of fees paid to ACT for the services rendered under this engagement letter.

If you are in agreement with the foregoing arrangements, please indicate your acceptance by signing below and returning the original copy of this letter, keeping the enclosed copy for your files. A return envelope is enclosed for your convenience. Please call with any questions you have regarding any aspects of this engagement. We appreciate this opportunity to be of service and look forward to working with you on this project.

Sincerely,

**Arnett Carbis Toothman LLP**



K. James Hunt, CPA, CGMA  
*Partner*  
*Chairman – Executive Committee*

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name and Title)

Date: \_\_\_\_\_

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this day he served a copy of the foregoing on the parties in interest either electronically or by depositing copies of same in a depository under the exclusive care and custody of the United States Postal Service, in a postage-paid envelope, addressed as follows:

Marjorie K. Lynch  
Office of the Bankruptcy Administrator

(via CM/ECF)

Rayford K. Adams, III  
Counsel for the Debtor

(via CM/ECF)

This the 10th day of June, 2019.

**WALDREP LLP**

/s/ Thomas W. Waldrep, Jr.

Thomas W. Waldrep, Jr. (N.C. State Bar No. 11135)

James C. Lanik (N.C. State Bar No. 30454)

Jennifer B. Lyday (N.C. State Bar No. 39871)

Francisco T. Morales (N.C. State Bar No. 43079)

John R. Van Swearingen (N.C. State Bar No. 53646)

101 S. Stratford Road, Suite 210

Winston-Salem, NC 27104

Telephone: 336-717-1440

Telefax: 336-717-1340

Email: [notice@waldrepllp.com](mailto:notice@waldrepllp.com)